REPORT OF EXAMINATION
OF THE

FIDELITY NATIONAL INSURANCE COMPANY

AS OF
DECEMBER 31, 2005

Participating State
and Zone:

California

Filed June 18, 2007

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Los Angeles, California
May 14, 2007

Honorable Alfred W. Gross
Chairman of the NAIC Financial
Condition (EX4) Subcommittee
Commissioner of Insurance
Virginia Bureau of Insurance
Richmond, Virginia

Honorable Kent Michie
Secretary, Zone IV-Western
Commissioner of Insurance
Department of Insurance, State of Utah
Salt Lake City, Utah

Honorable Steve Poizner
Insurance Commissioner
California Department of Insurance
Sacramento, California

Dear Chairman, Secretary and Commissioner:

Pursuant to your instructions, an examination was made of the

FIDELITY NATIONAL INSURANCE COMPANY

(hereinafter also referred to as the Company) at the primary location of its books and records and main administrative office, 601 Riverside Avenue, Jacksonville, Florida 32204. The Company's statutory home office is located at 4050 Calle Real, Santa Barbara, California 93110.

SCOPE OF EXAMINATION

The previous examination of the Company was made as of December 31, 2002. This examination covers the period from January 1, 2003 through December 31, 2005. The examination was made pursuant to the National Association of Insurance Commissioners' plan of examination. The examination included a review of the Company's practices and procedures, an examination of management records, tests and analyses of detailed transactions within the examination period, and an evaluation of the assets and a determination of liabilities as of December 31, 2005, as deemed necessary under the circumstances.

In addition to those items specifically commented upon in this report, other phases of the Company's operations were reviewed including the following areas that require no further comment: corporate records; fidelity bonds and other insurance; officers', employees' and agents' welfare and pension plans; business in force by states; and sales and advertising.

SUBSEQUENT EVENTS

On November 9, 2006, in connection with a reorganization of the Company's parent, Fidelity National Financial, Inc. (FNF), the Company was contributed to National Alliance Marketing Company, a California corporation which is a wholly-owned subsidiary of FNF.

COMPANY HISTORY

The Company was formerly named Anza Insurance Company (Anza). Anza was incorporated in California on April 26, 1990. In June 2001, Anza's name was changed to Fidelity National Insurance Company and its corporate headquarters was relocated to Santa Barbara, California. In August 2003, the Company's administrative office was relocated to Jacksonville, Florida.

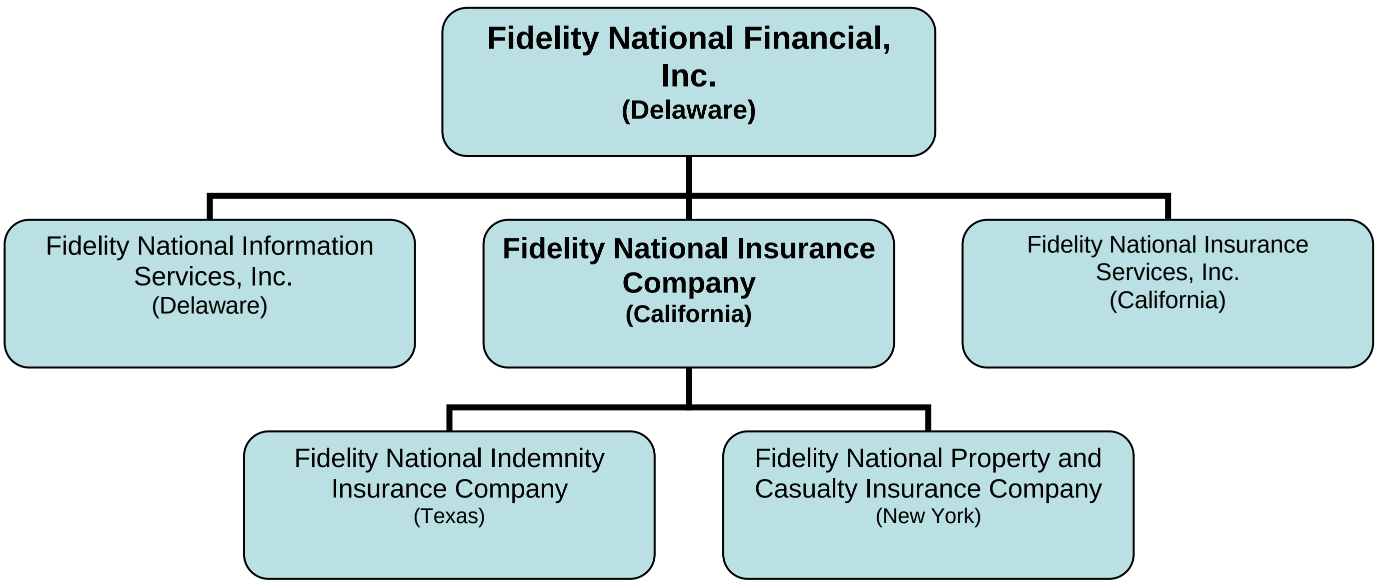
On January 3, 2003, Fidelity National Financial, Inc. (FNF) acquired First Community Insurance Company (FCIC) from Bankers Insurance Group. On May 1, 2003, FNF contributed FCIC to the Company and FCIC changed its name to Fidelity National Property and Casualty Insurance Company.

On June 28, 2005, FNF acquired 100% of the outstanding shares of the Company, following approval of the transaction by the California Department of Insurance. Prior to this date, the Company was owned by Fidelity National Title Insurance Company, a California domiciled title insurer.

In 2003, 2004 and 2005, the Company received capital contributions from its former parent, Fidelity National Title Insurance Company and its current parent, FNF, of $15 million, $5 million and $10 million, respectively.

MANAGEMENT AND CONTROL

The following abridged organizational chart, which is limited to the Company's parent along with its subsidiary insurance companies, depicts the Company's relationship within the holding company system as of December 31, 2005:



All ownership is 100%

Management of the Company is vested in a five-member board of directors elected annually. A listing of the members of the board and principal officers serving on December 31, 2005 follows:

Directors

Name and Residence	Principal Business Affiliation
Mark O. Davey Ponte Vedra Beach, Florida	President and Chief Executive Officer Fidelity National Insurance Company
William P. Foley II Jacksonville, Florida	Chairman of the Board and Chief Executive Officer Fidelity National Financial, Inc.
Raymond R. Quirk Jacksonville, Florida	President and Chief Executive Officer Fidelity National Title Group
Peter T. Sadowski Jacksonville, Florida	Executive Vice President Fidelity National Financial, Inc.
Alan L. Stinson Jacksonville, Florida	Chief Operating Officer and Chief Financial Officer Fidelity National Financial, Inc.

Principal Officers

Name	Title
Mark O. Davey	President and Chief Executive Officer
Todd C. Johnson	Senior Vice President and Secretary
Alan L. Stinson	Executive Vice President and Chief Financial Officer
Patrick G. Farenga	Vice President and Treasurer
Anthony J. Park	Senior Vice President and Chief Accounting Officer
Anton M. Rosandic	Executive Vice President
Peter T. Sadowski	Executive Vice President
George M. Sloane	Senior Vice President

Management Agreements

Master Service Agreement: The Company and certain affiliates are parties to a Master Service Agreement with the ultimate parent, Fidelity National Financial, Inc. (FNF). The designated services in the agreement are as follows: Insurance underwriters listed on the Statement of Adoption and Participation attached to the agreement provides underwriting services; Fidelity National Management Services, LLC provides claims settlement, investment management, administrative and personnel services; Fidelity National Information Solutions, Inc. provides information technology services. Compensation for services is limited to reimbursement of actual expenses. For 2003, 2004 and 2005, the Company paid $131,182, $3,344,124, and $5,436,487, respectively, for services received under the terms of the agreement. The California Department of Insurance (CDI) approved this agreement on March 11, 2003.

Tax Sharing Agreement: The Company and its subsidiaries (referred to herein as the FNIC Group) and other affiliates are parties to a consolidated federal income tax agreement with FNF and its subsidiaries (referred to herein as the FNF Group). The allocation of taxes is as if each entity within the FNIC Group was filing its own consolidated federal income tax return. On or prior to the date the FNF Group consolidated return is actually filed, the Company pays to FNF, or FNF pays to the Company, the difference between the actual tax liability and the estimated prepayments paid by the Company to FNF. If the loss or credit of the FNIC Group is utilized by the FNF Group, FNF pays the Company the amount by which the FNIC Group's tax in the earlier year is reduced by such carry-back. The CDI approved this agreement on October 17, 2006.

General Agency Agreement: The Company and its affiliated agency, Fidelity National Insurance Services, Inc. (FNIS) are parties to a General Agency Agreement. FNIS is authorized to solicit and bind the Company and to issue policies of insurance. The Company pays FNIS commissions based on the historical experience of the book of business, ranging from a minimum of 25% to a maximum of 27.5%. The agreement has been in force since March 1, 2001, and 100% of the Company's insurance business has been written through FNIS. For 2003, 2004 and 2005, the Company paid commissions of $4,470,561, $19,128,240, and $31,944,002, respectively, to FNIS under the terms of the agreement. However, the agreement is still under the name of Anza Insurance Company. It is recommended that the Company amend its agreement to properly reflect the name of the Company.

Flood Insurance Full Service Vendor Agreement: The Company and its affiliated agency, FNIS are the parties to this service agreement. Under the agreement, FNIS provides flood insurance administrative and related services to the Company. FNIS is authorized to solicit and bind the Company and to issue policies of insurance as well as to process all flood related claims. The Company pays FNIS a fee of 4.8% of its monthly gross written premiums on its flood insurance business. The Company also shares equally with FNIS any reimbursements from the Federal Emergency Management Agency for unallocated loss adjustment expenses (currently equal to 3.3% of the incurred loss). The agreement was effective on June 1, 2005. During 2005, the Company paid commissions to FNIS amounting to $33,633,772 under the terms of the agreement.

The Company failed to file and seek prior approval from the CDI on the above service agreement as required by the California Insurance Code (CIC) Section 1215.5(b)(4). It is recommended that the Company comply with CIC Section 1215.5(b)(4).

TERRITORY AND PLAN OF OPERATION

As of December 31, 2005, the Company was licensed to transact multiple lines of property and casualty insurance. The Company is licensed in the District of Columbia and the following states/territory:

Alaska	Indiana	Mississippi	New York	Tennessee
Arizona	Kansas	Missouri	North Dakota	Texas
California	Kentucky	Montana	Ohio	Virginia
Florida	Louisiana	Nebraska	Oklahoma	Washington
Georgia	Maryland	Nevada	Pennsylvania	West Virginia
Hawaii	Massachusetts	New Hampshire	South Carolina	Wisconsin
Illinois	Michigan	New Mexico	South Dakota	Puerto Rico

In 2005, the Company wrote $223.7 million of direct premiums. Of the direct premiums written, 26.5% or $59.2 million was written in California, $36.6 million (16.4%) was written in Florida,

$21.6 million (9.7%) was written in Louisiana, $21.5 million (9.6%) was written in Texas and $84.8 million (37.8%) was written in the remaining states. The principal lines of business written were allied lines (flood) and homeowners multiple peril, which amounted to approximately 48% and 36% of the Company's direct premiums written, respectively. Since March 1, 2001, 100% of the Company's insurance business has been written through an affiliate insurance agency, Fidelity National Insurance Services, Inc.

GROWTH OF COMPANY

The Company has experienced significant growth since the last examination through 2006 as shown in the following schedule:

Year	Admitted Assets	Surplus As Regards Policyholders	Net Premiums Earned	Net Income/(Loss)
2002	$ 15,800,304	$ 11,312,136	$ 2,012,737	$ (972,576)
2003	59,168,723	37,958,025	11,579,042	(2,750,317)
2004	116,158,268	54,522,323	56,583,509	(284,275)
2005	350,596,712	100,993,545	116,152,234	7,000,904
2006	$ 284,729,734	$ 119,806,733	$ 152,146,036	$ 5,186,870

Part of the Company's growth is attributable to the increased premium writings. In 2003, the Company acquired the flood business of Omaha Property and Casualty Insurance Company (OPAC) and the rights to offer renewals to OPAC's personal lines policyholders. Also in 2003, as mentioned above, Fidelity National Property and Casualty Insurance Company (FNPAC) was contributed to the Company with a value of $15,743,824. During 2005, the Company acquired Fidelity National Indemnity Insurance Company (FNIIC). Both FNPAC and FNIIC reinsure principally all of their business with the Company.

Also, contributing to the Company' growth, the Company received capital contributions during the examination period, as described above in the Company History section, amounting to $30 million. Also, during the examination period, the Company reported unrealized gains amounting to $34,693,897, due to the increased values of its equity investments in FNPAC and FNIIC.

LOSS EXPERIENCE

During the examination period, the Company reported net operating loss in 2003 and a net loss for 2003 and 2004 as follows:

Year	Net Operating Gain or (Loss)	Net Income or (Loss)
2003	$ (3,534,617)	$ (2,750,317)
2004	1,482,492	(284,275)
2005	10,414,503	7,000,904

The Company maintained its reported surplus position primarily through capital contributions from its parent, Fidelity National Financial, Inc. (FNF). During 2003, 100% of the stock of Fidelity National Property and Casualty Insurance, Inc, a New York domiciled insurer was contributed to the Company. Also, during 2003, 2004 and 2005, the Company received capital contributions from its former parent, Fidelity National Title Insurance Company and FNF, of $15 million, $5 million and $10 million, respectively.

REINSURANCE

Assumed

The following is a summary of the principal assumed reinsurance treaties inforce as of December 31, 2005:

- The Company has 100% quota-share agreements with its subsidiaries, Fidelity National Indemnity Insurance Company (FNIIC), a Texas domiciled property and casualty insurer and Fidelity National Property and Casualty Insurance Company (FNPAC), a New York domiciled property and casualty insurer. Under these agreements, the Company assumes 100% of the reinsured's liability, including, but not limited to, losses and loss adjustment expenses.

The Company failed to file and seek prior approval from the California Department of Insurance (CDI) on the above reinsurance agreements as required by the California Insurance Code (CIC) Section 1215.5(b)(3). It is recommended that the Company comply with CIC Section 1215.5(b)(3).

Ceded

The following is a summary of the principal ceded reinsurance treaties inforce as of December 31, 2005:

Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Maximum Limits
Personal Umbrella – Quota Share	Odyssey America Reinsurance Corporation – 50% The Toa Reinsurance Company of America – 25%	25% per risk	75% per risk
Aggregate Excess of Loss	QBE Reinsurance Corporation – 15% Bermuda Market: (*) AXIS Specialty Limited – 85%	$1.0 million – ultimate net loss	$6.0 million ultimate net loss
1st Property Catastrophe Excess of Loss	Everest Reinsurance Company – 20% QBE Reinsurance Corporation – 5% Bermuda Markets: (*) AXIS Specialty Limited – 50% IPCRe Limited – 15% Endurance Specialty Insurance Ltd – 10%	$5.0 million each loss occurrence	$5.0 million each loss occurrence
2nd Property Catastrophe Excess of Loss	Everest Reinsurance Company – 20% QBE Reinsurance Corporation – 5% Bermuda Markets: (*) AXIS Specialty Limited – 50% IPCRe Limited – 15% Endurance Specialty Insurance Ltd – 10%	$10.0 million each loss occurrence	$10.0 million each loss occurrence
3rd Property Catastrophe Excess of Loss	Everest Reinsurance Company – 20% QBE Reinsurance Corporation – 10% Various Others – 10% Bermuda Markets: (*) IPC Re Limited – 15% Arch Reinsurance Limited – 10% AXIS Specialty Limited – 10% Endurance Specialty Insurance Ltd – 10% Other Foreign: (*) AXA Re – 10% Lloyds Underwriter Syndicates: (*) Various Syndicates – 5%	$20.0 million each loss occurrence	$30.0 million each loss occurrence

Type of Contract	Reinsurer's Name	Company's Retention	Reinsurer's Maximum Limits
4th Property Catastrophe Excess of Loss	QBE Reinsurance Corporation – 12% Everest Reinsurance Company – 10% Various Others – 10% Bermuda Markets: (*) AXIS Specialty Limited – 10% Endurance Specialty Insurance Ltd – 10% Other Foreign: (*) AXA Re – 10% Lloyds Underwriter Syndicates: (*) Various Syndicates – 38%	$50.0 million each loss occurrence	$15.0 million each loss occurrence
5th Property Catastrophe Excess of Loss	Bermuda Market: (*) Hannover Re (Bermuda) Limited – 100%	$65.0 million each loss occurrence	$20.0 million each loss occurrence

(*) Reinsurance program utilizes the services of Guy Carpenter & Company, Inc., as a reinsurance intermediary. Unauthorized reinsurers secure their business dealings with the Company through the use of trust agreements and letters of credit.

In 2004, the Company started writing flood business under the National Flood Insurance Program (NFIP) as part of the Write Your Own (WYO) flood insurance program. The NFIP was established pursuant to the National Flood Insurance Act of 1968 and is administered by the Federal Insurance Administration (FIA) of the Federal Emergency Management Agency (FEMA). The NFIP is designed to involve private insurers in a WYO flood insurance program financially backed by FEMA at no risk to the insurer.

As of December 31, 2005, the credit for reinsurance totaled $382.4 million or 484% of surplus as regards policyholders. The majority of the ceded credits were from the NFIP in the amount of $374.6 million, or 476% of surplus as regards policyholders.

FINANCIAL STATEMENTS

The financial statements prepared for this examination report include:

Statement of Financial Condition as of December 31, 2005

Underwriting and Investment Exhibit for the Year Ended December 31, 2005

Reconciliation of Surplus as Regards Policyholders
from December 31, 2002 through December 31, 2005

Statement of Financial Condition
as of December 31, 2005

Assets	Ledger and Nonledger Assets	Assets Not Admitted	Net Admitted Assets	Notes
Bonds	$ 166,228,172	$	$ 166,228,172	(1)
Stocks:				
Common stocks	52,437,720		52,437,720	(2)
Cash, cash equivalents and short-term investments	116,167,308		116,167,308	(3)
Receivables for securities	31,735		31,735	
Investment income due and accrued	2,322,245		2,322,245	
Premiums and considerations:				
Uncollected premiums and agents' balances In the course of collection	6,378,182		6,378,182	
Reinsurance:				
Amounts recoverable from reinsurers	1,378,936		1,378,936	
Net deferred tax asset	6,163,120	860,829	5,302,291	
Receivables from parent, subsidiaries and affiliates	342,547		342,547	
Equities and deposits in pools and associations	7,576		7,576	
Total assets	$ 351,457,541	$ 860,829	$ 350,596,712	

Liabilities, Surplus and Other Funds

Losses			$ 39,056,525	(4)
Reinsurance payable on paid losses and loss adjustment expenses			1,704,170	
Loss adjustment expenses			1,674,664	(4)
Commissions payable, contingent commissions and other similar charges			1,381,661	
Other expenses			45,990	
Taxes, licenses and fees			1,542,022	
Current federal and foreign income taxes			4,479,875	
Unearned premiums			72,438,246	
Ceded reinsurance premiums payable			106,420,966	
Payable to parent, subsidiaries and affiliates			15,459,193	
Payable – Pledged securities collateral			5,399,855	(1)
Total liabilities			249,603,167	
Common capital stock		$ 3,250,000		
Gross paid-in and contributed surplus		59,993,824		
Unassigned funds (surplus)		37,749,721		
Surplus as regards policyholders			100,993,545	
Total liabilities, surplus and other funds			$ 350,596,712	

Underwriting and Investment Exhibit
for the Year Ended December 31, 2005

Statement of Income

Underwriting Income		
Premiums earned		$ 116,152,234
Deductions:		
Losses incurred	$ 82,580,731	
Loss expense incurred	5,080,357	
Other underwriting expenses incurred	18,076,643	
Total underwriting deductions		105,737,731
Net underwriting gain		10,414,503
Investment Income		
Net investment income earned	$ 4,148,769	
Net realized capital gains	15,683	
Net investment gain		4,164,452
Other Income		
Aggregate write-ins for miscellaneous income	$ 231,521	
Total other income		231,521
Net income before federal and foreign income taxes		14,810,476
Federal and foreign income taxes incurred		7,809,572
Net income		$ 7,000,904

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2004		$ 54,522,323
Net income	$ 7,000,904	
Change in net unrealized capital gains	27,390,461	
Change in net deferred income tax	2,612,286	
Change in nonadmitted assets	(860,829)	
Surplus adjustments: Paid in	10,000,000	
Aggregate write-ins for gains in surplus	328,399	
Change in surplus as regards policyholders for the year		46,471,221
Surplus as regards policyholders, December 31, 2005		$ 100,993,544

Reconciliation of Surplus as Regards Policyholders
from December 31, 2002 through December 31, 2005

Surplus as regards policyholders, December 31, 2002, per Examination			$ 11,312,136
	Gain in Surplus	Loss in Surplus	
Net income	$ 3,966,312	$	
Change in net unrealized capital gains	34,710,861		
Change in net deferred income tax	5,775,522		
Change in nonadmitted assets		843,511	
Surplus adjustments: Paid-in	45,743,825		
Aggregate write-ins for gains in surplus	328,399		
Totals	$ 90,524,919	$ 843,511	
Net increase in surplus as regards policyholders for the examination			89,681,408
Surplus as regards policyholders, December 31, 2005, per Examination			$100,993,544

COMMENTS ON FINANCIAL STATEMENT ITEMS

(1) Bonds

On May 13, 2005, the Company entered into a "Securities Lending Agreement and Guaranty" with the Bank of New York (BNY), whereby the Company lends securities to certain BNY customers. The securities remain as assets of the Company. The Company receives cash collateral having a fair market value equal to at least 102% of the fair value of the loaned securities. As of December 31, 2005, the fair value of the long-term bonds loaned was $5,319,251, which was collateralized in the amount of $5,399,855.

(2) Stocks: Common Stocks

The Company owns 100% of the stock of Fidelity National Indemnity Insurance Company (FNIIC), formerly Fidelity National Lloyds (Lloyds), a Texas domiciled insurer. Lloyds was converted from a Lloyds Plan to a stock company capitalized by 10,000 shares of outstanding common stock at $100 per share par value. Concurrent to this conversion, the Company changed its name to FNIIC.

In addition, the Company acquired 100% of the stock of Fidelity National Property and Casualty Insurance Company (FNPAC) through a capital contribution from its parent on May 1, 2003.

The above mentioned stocks represent 52% of the Company's surplus as of December 31, 2005. Pursuant to California Insurance Code Section 1215.1(b)(3), it is recommended that when affiliated investments reach such levels that the Company clearly disclose this in their Form B filings.

(3) Cash, Cash Equivalents and Short-Term Investments

A review of the above captioned accounts disclosed that the Company maintains the majority of its short-term investments in Blackrock Provident Institutional Funds (Blackrock). Blackrock, located in Delaware, is not a qualified custodian or sub-custodian as defined under California Insurance

Code (CIC) Section 1104.9. It is recommended that the Company maintain its assets in California with a qualified custodian.

(4) Losses and Loss Adjustment Expenses

The Company obtained an actuarial opinion from its consulting actuary, Milliman, Inc., attesting to the adequacy of its loss and loss adjustment expenses reserves as of December 31, 2005. This report was reviewed by a Casualty Actuary from the California Department of Insurance and, based on the review, the Company's reserves were accepted for purposes of this examination.

SUMMARY OF COMMENTS AND RECOMMENDATIONS

Current Report of Examination

Management Agreements – General Agency Agreement (Page 5): It is recommended that the Company amend this agreement to properly reflect the name of the Company.

Management Agreements – Flood Insurance Full Service Vendor Agreement (Page 6): It is recommended that the Company file this agreement with the California Department of Insurance (CDI) as required by the California Insurance Code (CIC) Section 1215.5(b)(4).

Reinsurance - Assumed (Page 9): It is recommended that the Company file its assumed reinsurance agreements with the CDI as required by CIC Section 1215.5(b)(3).

Comments on Financial Statement Items - Stocks: Common Stocks (Page 15): Pursuant to CIC Section 1215.1(b)(3), it is recommended in the future when affiliated investments reach such levels that the Company clearly disclose this in their subsequent Form B filings.

Comments on Financial Statement Items - Cash, Cash Equivalents and Short-Term Investments (Page 15): It is recommended that the Company maintain its assets in the State of California under CIC Section 1104.9.

Previous Report of Examination

Reinsurance – Ceded (Page 9): It was recommended that the Company amend the offset clauses of its reinsurance agreements upon renewal. The above comment has been corrected by the Company.

Accounts and Records (Page 9): It was recommended that the Company review its internal accounting procedures and implement steps to ensure that the process of recording loss transactions is accurate and complete. The above comments have been corrected by the Company.

Comments on Financial Statements Items – Bonds and Short-Term Investments (Page 10): It was recommended that the Company maintain its assets in California with a qualified custodian. The Company stated that they submitted documentation to the CDI in order to rectify the situation. It is again recommended that the Company comply with Code.

Comments on Financial Statements Items – Receivable from Parent, Subsidiaries and Affiliates (Page 13): It was recommended that the Company establish and implement internal accounting controls to ensure that the process of recording inter-company transactions is accurate. The Company complied with this recommendation.

Comments on Financial Statements Items – Loss and Loss Adjustment Expenses (Page 13): It was recommended that the Company review its historical data maintained on its computer systems and reevaluate its reserve should the Company find material discrepancies in its data. It was also recommended that the Company establish and implement written procedures to ensure that all information contained in the claim files agrees with the information on its computer systems. The Company complied with these recommendations.

Comments on Financial Statement Items – Other Expenses (Page 14): It was recommended that the Company comply with the National Association of Insurance Commissioners' Annual Statement Instructions to include the proper items in this account. The Company has complied with this recommendation.

Comments on Financial Statement Items – Unearned Premiums (Page 14): It was recommended that the Company enhance its internal control procedures to ensure that the process of recording unearned premiums is complete. The Company has complied with this recommendation.

ACKNOWLEDGEMENT

The courtesy and cooperation extended by the Company's officers and employees during the course of this examination are hereby acknowledged.

Respectfully submitted,

____/S/__________________
Gregory J. Lieber, CFE
Examiner-In-Charge
Senior Insurance Examiner
Department of Insurance
State of California